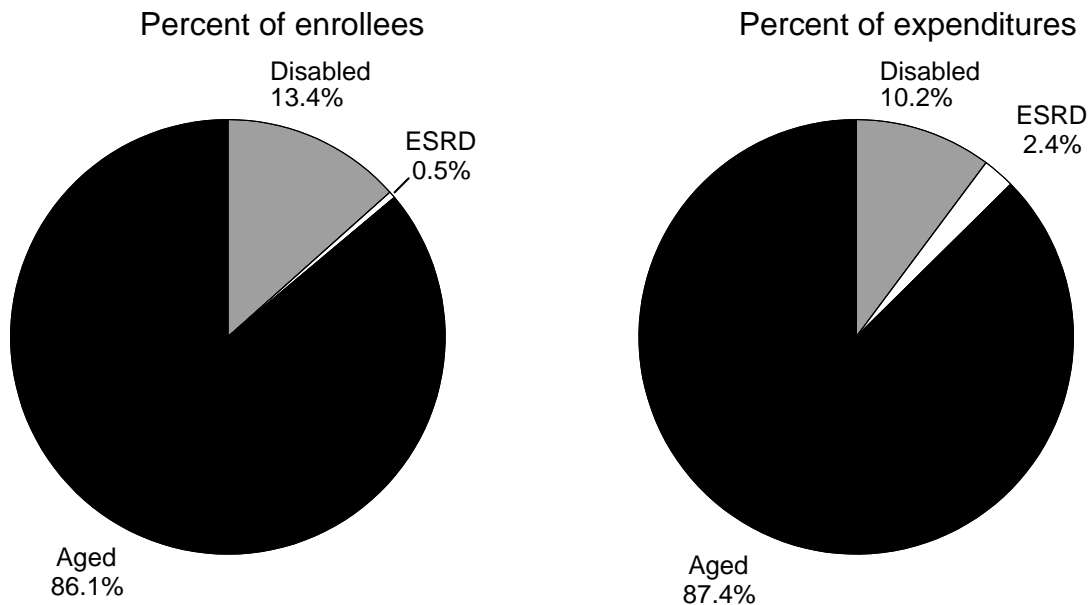


SECTION

1

**Medicare beneficiary
demographics**

Chart 1-1. Aged beneficiaries account for the greatest share of the Medicare population and program spending, 2001

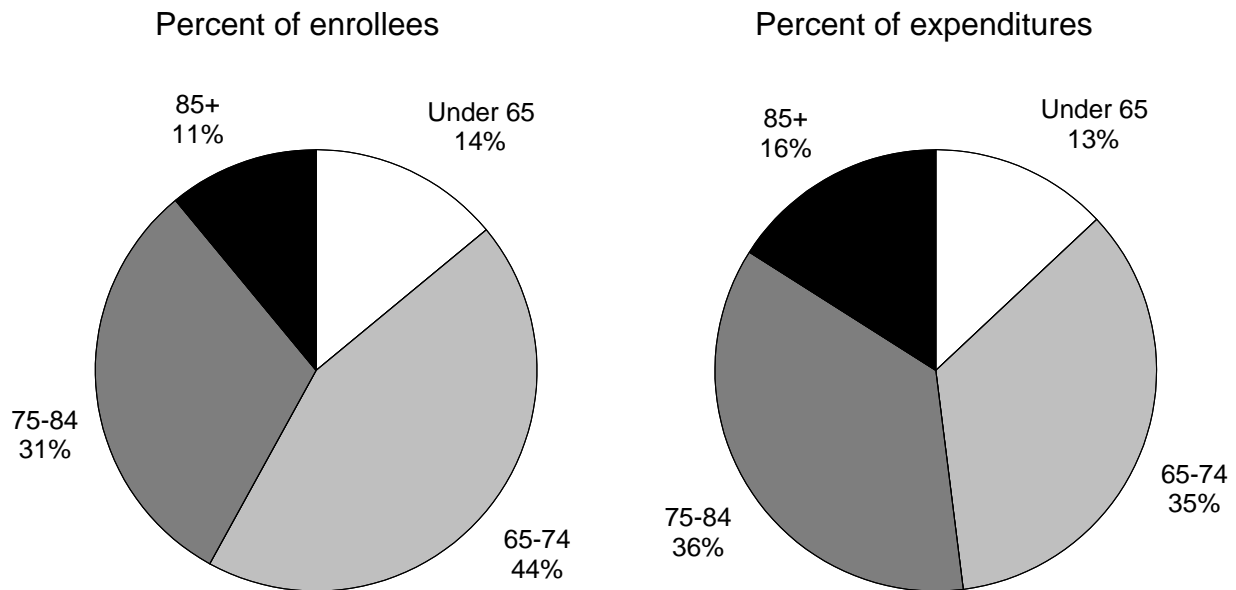


Note: ESRD (end-stage renal disease) refers to beneficiaries under age 65 with ESRD. The disabled category refers to beneficiaries under age 65 without ESRD. The aged category refers to beneficiaries age 65 and older.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Reflecting their greater share of the Medicare population, the highest percentage of Medicare expenditures is for aged beneficiaries.
- A disproportionate share of Medicare expenditures is spent on Medicare beneficiaries who are eligible due to end-stage renal disease (ESRD). On average, ESRD beneficiaries cost at least 5 times as much as beneficiaries in other categories: \$5,961 is spent per aged beneficiary, \$4,462 per (non-ESRD) disabled beneficiary, and \$29,399 per ESRD beneficiary. On average, Medicare spending per beneficiary is \$5,875.

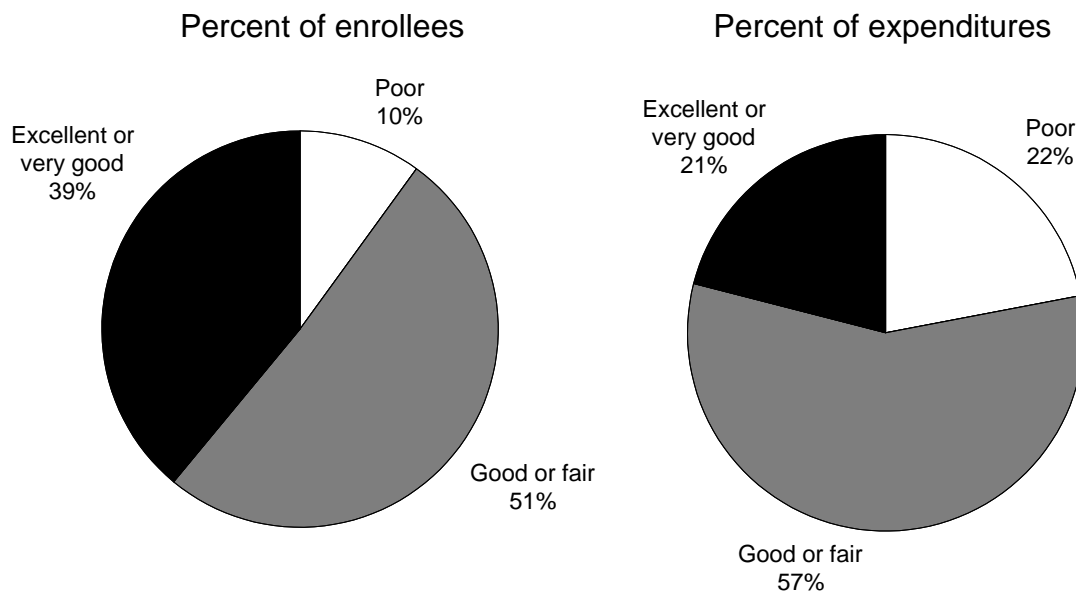
Chart 1-2. Medicare spending rises as beneficiaries age, 2001



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Per capita expenditures increased by about \$2,000 for each age group over 65: Per capita expenditures were \$4,685 for those ages 65 to 74, \$6,855 for those 75 to 84, and \$8,413 for those 85 and older. Per capita expenditures for Medicare beneficiaries under age 65, enrolled due to disability (both end-stage renal disease and non-ESRD), were \$5,342. On average, Medicare spending per beneficiary was \$5,875.

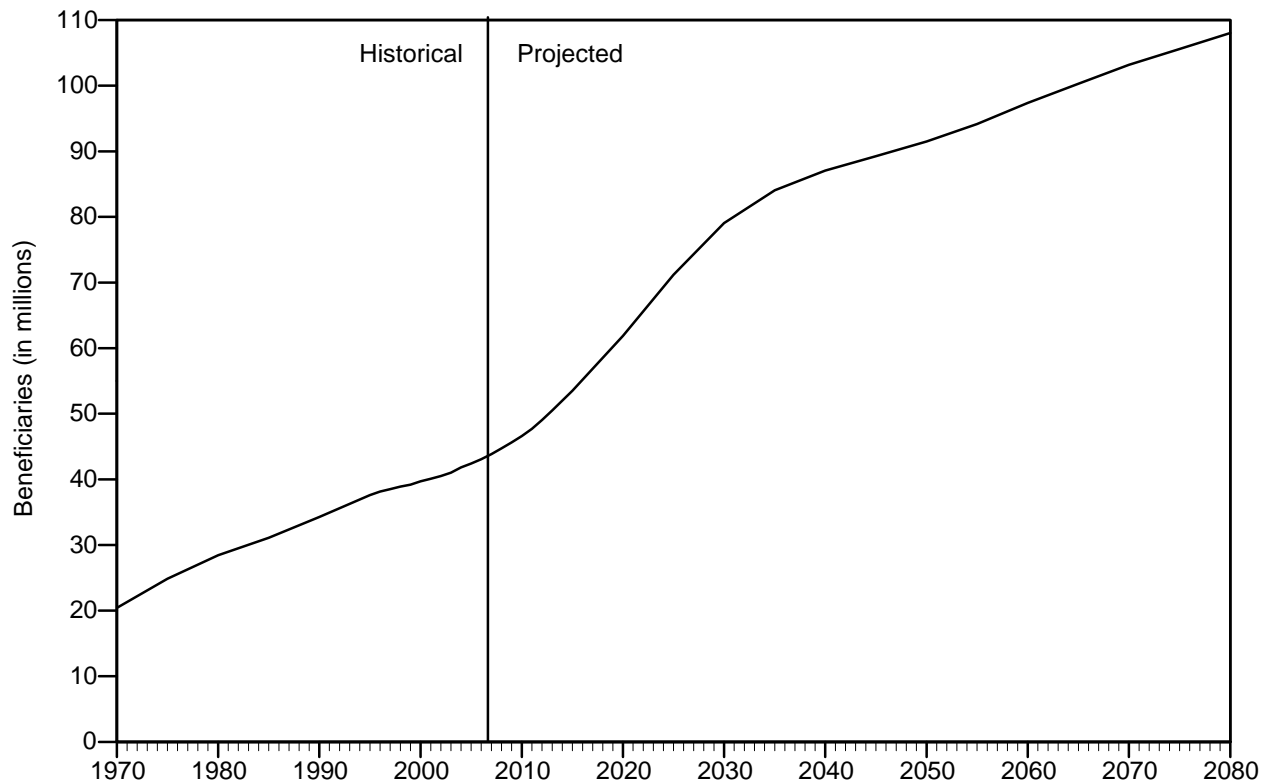
Chart 1-3. Beneficiaries who report being in poor health account for a disproportionate share of Medicare spending, 2001



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Medicare spending is strongly associated with self-reported health status. Per capita expenditures for those with excellent health are \$3,197; \$6,493 for those with good or fair health; and \$13,139 for those with poor health. On average, Medicare spending per beneficiary is \$5,875.

Chart 1-4. Enrollment in the Medicare program is projected to grow fastest in the next 30 years



Source: MedPAC analysis of the Social Security Administration 2004 Trustees Report, Intermediate Assumptions.

- The total number of people enrolled in the Medicare program will nearly double between 2000 and 2030, from about 40 million to 79 million beneficiaries.
- The rate of increase in Medicare enrollment accelerates around 2010 when members of the “baby boom” population start to become eligible and slows around 2030 when the entire baby boom population has become eligible.

Chart 1-5. Characteristics of the Medicare population, 2001

Characteristic	Percent of the Medicare population
Total (41,216,778*)	100%
Sex	
Male	44
Female	56
Race/ethnicity	
White, non-Hispanic	80
African American, non-Hispanic	9
Hispanic	7
Other	4
Age	
< 65	14
65–74	44
75–84	31
85+	11
Health status	
Excellent or very good	39
Good or fair	51
Poor	10
Residence	
Urban	76
Rural	24
Living arrangement	
Institution	6
Alone	28
Spouse	49
Other	16
Education	
No high school diploma	33
High school diploma only	30
Some college or more	37
Income status	
Below poverty	17
100–125% of poverty	11
125–200% of poverty	22
200–400% of poverty	33
Over 400% of poverty	18
Supplemental insurance status	
Medicare only	10
Managed care	16
Employer	31
Medigap	22
Medigap/employer	4
Medicaid	15
Other	2

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2001, poverty was defined as \$8,494 for people living alone and as \$10,715 for married couples. Totals may not sum to 100 due to rounding.

*Based on a representative sample of the Medicare population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- The Medicare population tends to be female, white, between the ages of 65 and 84, in good or fair health, and living with a spouse. Most beneficiaries live in urban areas and have graduated from high school and have some form of supplemental insurance coverage. Half have incomes under 200 percent of poverty.

Chart 1-6. Characteristics of the Medicare population, by rural and urban residence, 2001

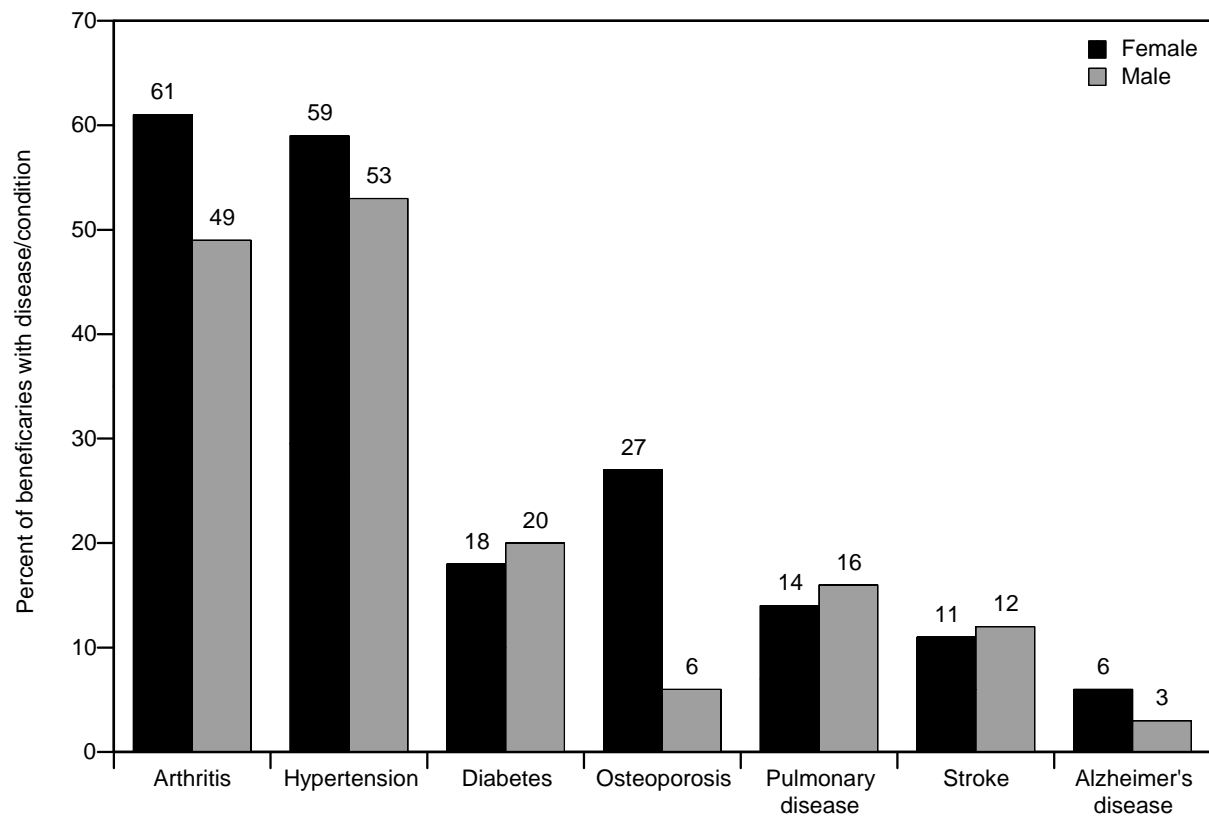
Characteristics	Percent of urban Medicare population	Percent of rural Medicare population
Total	100%	100%
Urban 76%		
Rural 24%		
Sex		
Male	43	45
Female	57	55
Race/ethnicity		
White, non-Hispanic	78	86
African American, non-Hispanic	10	8
Hispanic	8	3
Other	4	3
Age		
< 65	13	15
65–74	43	44
75–84	32	29
85+	11	12
Health status		
Excellent or very good	40	36
Good or fair	51	52
Poor	9	12
Income status		
Below poverty	15	20
100–125% of poverty	10	11
125–200% of poverty	22	23
200–400% of poverty	33	31
Over 400% of poverty	20	13

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2001, poverty was defined as \$8,494 for people living alone and as \$10,715 for married couples. Totals may not sum to 100 due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Close to one-fourth of all beneficiaries reside in rural areas.
- Rural Medicare beneficiaries are more likely to be white (86 vs. 78 percent), to report being in poor health (12 vs. 9 percent), and to have income below 125 percent of poverty (31 vs. 25 percent), compared to urban beneficiaries.

Chart 1-7. Arthritis and hypertension are the most common diseases reported by Medicare beneficiaries, 2001



Source: CMS, Office of Research, Development, and Information.

- Arthritis, hypertension, diabetes, osteoporosis, and pulmonary disease are among the most prevalent chronic conditions reported by Medicare beneficiaries.
- Female beneficiaries live longer, and the risk of chronic disease increases with age. Female beneficiaries are more likely than male beneficiaries to have arthritis, hypertension, osteoporosis, or Alzheimer's disease.

Web links. Medicare beneficiary demographics

- The CMS Chart series provides information on the Medicare program, including beneficiary demographics.

<http://www.cms.gov/charts>

- The CMS Data Compendium provides information on Medicare enrollment by state.

<http://www.cms.hhs.gov/researchers/pubs/datacompendium/current/>

- The CMS website provides information about the Medicare Current Beneficiary Survey, a resource on the demographic characteristics of Medicare beneficiaries.

<http://www.cms.hhs.gov/mcbs/default.asp>